

ECONOMIC AND SOCIAL COMMITTEE  
OF THE EUROPEAN COMMUNITIES

**BULLETIN**

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## INTRODUCTION

To comply with the often expressed wish of members of the Economic and Social Committee, the "Bulletin", which hitherto has been printed in Luxembourg, will from now on be entirely put in the hands of the Secretariat of the Committee so as to reduce the time needed for printing.

Initially at least, its appearance is obviously going to leave a lot to be desired due to inadequacies on the technical side. Gradually, however, it will be improved and we shall endeavour to publish it more frequently and make it shorter and easier to use.

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## ECONOMIC AND SOCIAL COMMITTEE TAKES STOCK

The three-month period covered by this Bulletin coincides with a clear realization of the crisis facing the European Institutions as the result of a cumulative effects of a series of events, such as the energy crisis, inflation and the unilateral measures taken by certain Member States.

The Bulletin therefore contains several speeches by the Chairman and a number of Committee motions protesting against this trend and calling for its end.

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I

117th PLENARY SESSION

The 117th plenary session of the Economic and Social Committee of the European Communities was held in Brussels on 30 and 31 January 1974. The Committee Chairman, Mr Alfons LAPPAS, presided.

Among the items on the agenda for this session was the preparation of Committee Opinions on :

1. Common system of value added tax

Rapporteur : Mr PEYROMAURE-DEBORD-BROCA - France - Employers

This Opinion was adopted, three members voted against it and one abstained.

In its Opinion the Committee records its agreement on the Commission's main objectives but makes various comments and suggestions on specific aspects of the proposal for a directive such as :

- how the Member States will absorb the burden of the tax contribution to the Community budget;
- the time-table for implementing the proposed measures;
- the inclusion or exemption of building sites in the scope of VAT;
- the concept of supply of goods and the leasing system;
- possible reduction in the number of rates and zero-rating. On this matter the Committee believes that it would be premature at this stage to take a decision on whether zero-rating of certain goods and services should be allowed in the future;

- the list of exemptions and in particular the system of transactions of trade unions, professional organizations, churches etc., and international passenger transport;
- the necessity of ensuring that provision is made for suspension of liability for payment of value added tax in the case of purchases made by undertakings which are mainly engaged in exporting;
- the special system for small undertakings and for agriculture which the Committee approves in principle while stressing, as regards the flat-rate system for farmers in particular, the need to retain the possibility of option since any change-over to the normal system must be undertaken very gradually;
- the VAT Committee.

In its conclusions the Committee recognizes inter alia the necessity for laying down rules for a uniform basis of assessment, a prerequisite for a new stage in the way to harmonizing the VAT system on Community level.

The Committee also recognizes the need for this measure if it is desired to achieve a neutral and balanced allocation of the contribution to the Community budget founded by own resources, through a tax levied on a uniform assessment basis. The Committee notes that although a major effort has been made to achieve such neutrality certain provisions of the proposal for a directive are still not ideal and should be improved in this respect. The Committee feels that the VAT Committee can be a suitable instrument for this purpose.

Finally, the Committee stresses the need for the directive to be adopted and applied as a whole, so as to avoid - in view of

existing laws - significant distortions, resulting in the Member States from the application of certain provisions but not all the measures which follow on logically from the directive.

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## 2. Approximation of laws concerning yeasts

Rapporteur : Mr BOUREL - France - Employers

This opinion was unanimously adopted.

The Committee proposes first of all that the proposal for a directive should have the following layout :

- a) a general definition of yeasts;
- b) a list of the media for growing yeasts;
- c) a list of yeast types and their definitions;
- d) the provisions of a specific nature applicable to each type of yeast;
- e) general provisions applicable to all yeasts.

The Committee also considers that if provisions are drawn up for yeasts used for animal feeding purposes, they should be included in the directive on the same basis as the provisions relating to yeasts intended for other uses.

As to the new processes for the production of yeasts based on cultivation on media containing saturated hydrocarbons (culture on alkanes), the Committee thinks that they should not be forbidden

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and that steps should be taken now with a view to the drawing-up of the relevant Community provisions; these processes appear to offer very interesting prospects of meeting protein needs.

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### 3. Preservatives in food

Rapporteur : Miss ROBERTS - United Kingdom - Various Interests

This opinion was unanimously adopted.

The Committee approves the Commission's proposal that the maximum thiabendazole level of 6 mg/kg should be retained for citrus fruit; the Committee regrets, however, that the Commission proposes abolishing the time-limit for the maximum thiabendazole level, laid down in the 1971 Directive.

The Committee would prefer a new time-limit to be laid down for adoption of a definitive limit, so as to allow current scientific research to be concluded.

The Committee trusts that an efficient system will be set up for providing consumers with information, particularly as regards consumption of citrus fruit.

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Committee call for implementation of Regional Fund

Mr Alfons LAPPAS, Chairman of the Economic and Social Committee of the European Communities, told the Committee during this plenary session that he had addressed a letter to Walter SCHEEL, President of the Council of Ministers, expressing the concern of its members at the fact that the Council had not been able to decide on implementing the European Regional Development Fund within the time-limit set by the Paris Summit.

Mr LAPPAS recalled that in an unanimous opinion, the Committee had stressed the need for setting up this Fund as rapidly as possible so that aids could be granted quickly and of concentrating these aids on the regions which are most severely disadvantaged on the social and economic level. It had also insisted on providing the Fund with adequate means for meeting its purpose and on the need to associate the economic and social groupings concerned as closely as possible with the elaboration and implementation of the regional development policy. On behalf of the Committee members, Mr LAPPAS urged the Council of Ministers to take a final decision without a further delay in favour of these disadvantaged regions which "justifiably expect a gesture of European solidarity.

Finally, the Chairman made a statement about the state of crisis through which the European Community was passing at the beginning of 1974. The Committee wholeheartedly supported this initiative. We give below the text of the Chairman's speech, followed by the Declaration adopted by the Economic and Social Committee at the end of the Session.

Economic and Social Committee's Chairman appeals for safeguarding of european solidarity

It will come as no surprise if I take the opportunity at this plenary session to bring up a subject which is of immediate concern to us all, although not something which regularly appears on our agenda.

I would like to discuss the state of the European Community, which is passing through an unprecedented crisis, a crisis that has been building up over a long period, on several fronts.

There is a growing shortage of primary materials, especially energy; we had seen it coming long before the spiralling. Trade between the industrialized and the developing countries will be severely affected. All our countries' economies are experiencing inflation, some of them have serious balance of payments difficulties. Economic growth and jobs are threatened. This Europe of ours, which had accustomed us to a steady rise in our standard of living, is faced with grave economic problems.

This is the context in which we must examine the successive blows dealt to the process of European integration. The European Community was born of a political idea and designed to ensure a lasting peace between its partners; now its future is being called into question.

By the nature of things, all Community policies are inextricably linked : it would be inconceivable to wish to impose monetary union, which restricts national governments' ability to adapt the exchange rate of their currencies to the pace of growth of their national economies without having an effective regional fund to act as compensation and without a measure of coordination of the Member States' economic policies. It would be illogical and unjust to create a vast zone with unimpeded trans-frontier movement of capital, goods and workers, without providing a counterbalance in the form, say, of a social action programme.

However, in the process of putting these principles into practice, which all the governments have publicly pledged themselves to do, we have seen the Community become instead a market in which only national interests seem to count. Faced with the consequences of increased oil prices, the pressures of inflation and balance of payments troubles, which have an immediate effect on the level of employment, each country is tempted to go its own way and pursue a policy of deflation and of exporting its difficulties. The will to solve these problems together is thrown to the winds. Instead a "devil take the hindmost" attitude is taking over.

I do not think it is an exaggeration to say that the Community has reached a crucial stage and that we have a political choice to make : either to take firm action so that the Nine agree to resolve their present problems together through mutual sacrifices and the strong helping the weak, a course which justifies genuine integration, or to continue on the present course which will ultimately reduce the Community to a free trade area in which countries will try to

rid themselves of their problems at their partners' expense. There is a real danger that in the long-term, or even in the medium-term, all the problems which we thought solved will re-emerge in an even acuter form.

There is nothing novel about these remarks. All the commentators on the European scene come to a similar conclusion. Yesterday, I discussed our fears with President ORTOLI, who thought that if the Member States were incapable of reaching agreement over some economic and monetary matters they should still show that they were willing to continue the building of Europe by acting vigorously in other fields. He also realized the danger of a public opinion which is somewhat at a loss. With this in mind, he would approve any steps taken by the Economic and Social Committee aimed at winning over public opinion and making it better informed.

As Chairman of the Economic and Social Committee it is my duty to point out that our function is not simply to comment on proposals from the Commission and the Council. It is also to inform the economic and social interests whom we represent of the important issues impinging on the functioning of the European Community as a whole, and its outlook.

In view of the gravity of the situation, I appeal to each and every one of you to make it known to your respective organizations. It would be eminently desirable if these bodies were to take any action which might be appropriate to alert public opinion and lobby the governments.

We find ourselves at a crossroads. After years in which the Community Institutions have progressively lost their powers of decision and action, they are accused of not reacting swiftly, firmly and together. After it had been given a new spell of life at The Hague Conference, the Community climbed full of hope to the Paris Summit Conference, only to run into the jolts of Copenhagen.

At the stage we are now, a fall could be fatal.

This is another reason why the Economic and Social Committee should make itself felt. Mr ORTOLI himself hopes that he can address our plenary session on Thursday 28 February, in spite of a very heavy list of engagements. We should therefore tarry no longer in showing what we feel about the present situation and the future of the Institutions in the context of European union.

It is the peoples of Europe, whose economic and social interests we represent, who will have to endure the serious consequences of the year just beginning if we do not act. It is for this reason that I urge you to ward off the threatened erosion of European solidarity.

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Committee declaration on european solidarity

Meeting in Plenary Session on 30 and 31 January 1974, the Economic and Social Committee wholeheartedly approved the statement in which its Chairman, Mr A. LAPPAS, voiced the anxiety felt by the various categories and organizations representing economic and social activities, in the face of the threat of disruption hanging over the European Community.

The members of the Economic and Social Committee warn the various national and Community bodies of the grave consequences which are bound to ensue if the decisions taken by the Summit Conferences, and particularly the Paris Summit Conference, are jettisoned.

The members of the Economic and Social Committee point out that the European Community is an indivisible whole, and stress that no Member State can hope to solve its economic monetary and social problems by isolating itself.

The members of the Economic and Social Committee have decided to approach the various authorities with a view to ensuring prompt attainment of the objectives laid down by the heads of state or of government at their meetings.

Present difficulties show that it is essential to reinforce the powers of the Community organs and achieve a more democratic balance of these powers.

For its part, the Economic and Social Committee is ready to shoulder all its responsibilities in this respect.

II

118th PLENARY SESSION

The 118th plenary session of the Economic and Social Committee of the European Communities was held in Brussels on 27 and 28 February 1974. Mr Alfons LAPPAS, the Chairman of the Committee, presided.

The Chairman says : "lack of progress is tantamount to regression"

At the beginning of the Session the Chairman made a statement from which the most important passages are given below.

"At our last plenary session I told you how concerned I was about the critical state of the European Community. Your endorsement of this found expression in the adoption of a declaration which, incidentally, was mentioned by several ministers at a Council meeting held the following day.

Alas, the situation has not improved since then and despite efforts to ensure that the nine Member States took up a common stand, the Washington meeting revealed how fragile European solidarity was.

The President of the Commission has not concealed from Parliament that the Community is going through a crisis. Some days earlier he even called it a crisis of confidence and will.

Even though two Council meetings, one on farm prices, the other on monetary questions, have been held recently, others have been cancelled. I am thinking in particular of the one on regional policy.

Hence in the fields which are vital to its further development, Europe finds itself more divided than ever. The policy of holding summit conferences has not had a decisive impact.

Some people might think my pessimism exaggerated since no State up to now has entertained the idea of calling into question the achievements of the Community.

True enough, but lack of progress is tantamount to regression. Our Committee has not remained inactive. Within the limits of its terms of reference it has adopted numerous declarations and made frequent approaches to Community bodies. However, I feel that we have virtually exhausted our stock of direct forms of influence.

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And yet the Economic and Social Committee is also a place for numerous, regular meetings between representatives of the economic and social activities of our countries. Expressing our views within the "institutional" framework of this Committee is no longer enough. Without continuing our work at national level the positions we take lose a great deal of the power of their conviction. As things stand at present my best advice to you would be to play an even more active role, through our organizations, at national level, using the methods you consider to be the most fitting. It would certainly be useful to seize the opportunity provided by this meeting to work out ways and means of ensuring that your earlier appeals have an even bigger impact, even if this means stating your views outside the confined circle of this Committee.

From now on I believe it is vital to inform and rouse public opinion in our countries so that sufficient pressure is put on those who preside over the destinies of the European Community, a setback to which could certainly have serious disruptive effects.

#### Preparation of opinions

The agenda of this session envisages in particular the preparation of Committee opinions on the following subjects.

##### 1. Control of business concentration

Rapporteur : Mr CLARK - United Kingdom - Employers

This opinion was prepared in the presence of Mr BORSCHETTE, member of the Commission and was adopted by 74 votes in favour, 15 votes against and 25 abstentions.

Prior notification of mergers of companies within the European Communities whose combined turnover would exceed 1000 m. units of account (for English text only : £400 m.) won favour from the Economic and Social Committee at its meeting held on 27 and 28 February in Brussels. It insisted however that the Commission's investigation of a notified merger - intended to avoid the setting up of monopoly positions - must be carried out rapidly so as to minimize the unavoidable period of uncertainty. Only the Commission, and not national governments, should be competent to pronounce upon mergers covered by the envisaged regulations.

The Committee recognized that mergers could bring substantial benefits through economies of scale and by rationalization which might be necessary to make European industries competitive with those in other major industrialized countries. It accepts however that it is necessary for the Community to control certain mergers to preserve the competitive system. The regulation would apply to mergers whose combined turnover would exceed 200m. U.A.s. (for English text only : £80 m.) or 25% of any member state's turnover. The Commission should therefore have the power to declare that a merger is incompatible, and, if necessary, to order deconcentration.

Speech by Mr BORSCHETTE, Member of the Commission

In his speech to the Economic and Social Committee, Mr BORSCHETTE first of all thanked the Committee for the work it had done in continuation of the dialogue between the two institutions. After underlining the importance for the Community of the Treaty provisions on competition, Mr BORSCHETTE observed that whilst the Commission can act decisively against agreements of concerted practices, it can at present only take steps ex post facto in the event of the abuse of concentrations. For this reason a more systematic control of concentrations liable to hinder effective competition is called for. The powers provided for to this end are based on Article 87 of the Treaty, which deals with prohibited concentrations in which undertakings in a dominant position participate, and on Article 235 in respect of concentrations which threaten the existence of effective competition.

As regards the different aspects of the Regulation, Mr BORSCHETTE stressed that prior control would be advantageous for the following three reasons :

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1. - for undertakings such a system would have less potential negative effects than a possible procedure for the breaking up of a concentration;
2. - it would be possible to avoid the delays, which are often considerable, in the event of the breaking up of a concentration;
3. - the rules on procedure give undertakings legal certainty as far as the compatibility of their plans with the rules of the Common Market is concerned.

On the question of the parallel application of national law and Community law, the Court of Justice has in its decisions already stated that Community law takes precedence, while at the same time accepting the legitimacy of national legislation in this field.

Consequently consultation and co-operation between the Commission and the competent national authorities should be stepped up.

Mr BORSCHETTE then referred to certain technical aspects : turnover as a criterion to be applied to the undertakings involved; the composition of the Advisory Committee proposed in the Regulation; the notification procedure. There will be a separate Regulation on the latter and the Economic and Social Committee will once again be involved in its preparation.

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## 2. Improvement of the common agricultural policy

Rapporteur : Mr BOUREL - France - Employers

The Committee adopted this Opinion, 3 members having voted against and 10 having abstained.

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Although the memorandum is not intended to be a detailed blueprint setting out practical measures for immediate implementation, the Committee considered that the ideas expressed in it called for some general comments.

The Committee lays particular emphasis on the general political importance of the common agricultural policy and the vital role this policy has always played in the process of EEC political integration. At a time when the case for a common agricultural policy progressively replacing national policies is being questioned in a number of quarters, the Committee thinks it important to stress the need to pursue the grand design sketched by the Treaty of Rome, namely, integration of a modern agriculture in a modern economy at EEC level.

The Committee proceeds to a critical assessment of the various economic, social and even technical aspects of the agricultural policy pursued. One point it makes is that the agricultural policy is the only common policy to have been accepted so far by the Member States, so that many of its imperfections are due essentially to the lack of comparable policies in other areas of economic and social activity. The Committee confines itself to general comments on the sectoral proposals contained in the memorandum, as it intends to revert to these questions in much greater detail during the forthcoming discussions on the proposals for agricultural prices for the marketing year 1974-1975.

In the concluding section of its opinion the Committee stresses that it is impossible to pursue an agricultural policy which is genuinely common if the principles on which it has by common assent been based, are regularly being undermined by the

desire of the States to obtain this or that supplementary or conflicting advantage in individual cases. The international context of agriculture has profoundly changed since the year in which the Treaty of Rome was signed. Problems of world importance, for example food aid and relations which developing countries have increased in urgency.

The Committee considers that only by a common political will can the Member States of the Community arrive at the requisite solutions. This is particularly true of the agricultural sphere. The Committee fears that if this crucially important will is absent, the adoption of one improvement after another will keep the Community in its present state of chaos for a long time to come.

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### 3. Agricultural prices

Rapporteur : Mr de CAFFARELLI - France - Various Interests

This Opinion was adopted with 66 votes in favour, 16 votes against and 18 abstentions.

In its opinion, the Committee firstly places the Commission's proposals in the present economic context and then makes a number of general comments. It considers that the reference period used by the Commission to compute average price rises is not quite correct for agricultural products. The Committee feels that the proposed average increase of 7.2% is inadequate for the purposes of pursuing the Commission's objectives. As a result, the Committee proposes introducing a corrective factor so as to give greater weight to the particularly sharp upsurge of production costs in the closing months of 1973.

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As regards specific Commission proposals, the Committee is opposed to the production levy proposed for the dairy sector and asks the Commission to investigate new specific aids for beef producers.

The Committee is opposed to the proposed changes in current regulations on durum wheat and olive oil.

Lastly, the Committee notes that the Commission proposals on agricultural market management will make producers' incomes more dependent than in the past on this management. As a result, it proposes that occupational groups and agricultural producers, especially the latter, should play a greater part in market management.

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#### 4. Agricultural aspect of the GATT negotiations

Rapporteur : Mr RØMER - Denmark - Employers

This Opinion was adopted unanimously with two abstentions.

The Committee believed that the decisive part played by the EEC in world trade not only justified the Community's participation in the multilateral trade negotiations but also meant that it should be prepared to take initiatives to contribute to their success.

The Committee considered that the harmonious development of world trade must go together with strong Community efforts to redress existing regional, social and sectoral imbalances. In particular, this development should not impede the harmonious development of the agricultural sector.

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The Committee agreed that agricultural questions should be dealt with in the negotiations by one main Committee, as has been the case, but felt that this should not prevent the Committee in question from working as closely as possible with the other committees involved in the negotiations as a whole.

The Committee stressed that neither the principles nor the main elements of the mechanisms of the Common Agricultural Policy should be a subject for negotiation, on the understanding that the Community would continue its efforts for a restructuring of agriculture.

The conclusion of world arrangements regarding products and the application of the instruments involved called for reorganization of the international monetary system so as to ensure stability.

It was desirable for discipline to be established on the world market with regard to certain agricultural products by means of appropriate international arrangements and particularly regrets that the Community was not in a position to adopt a common attitude in the negotiations concerning an international sugar agreement. It called upon the Community's institutions to participate at least in the administrative arrangements connected with the agreement.

If the Committee agreed that reciprocity should be sought by means of equivalence of commitments within the framework of international product-by-product arrangements, it also considered that this must not prevent sufficient flexibility being shown to allow several products to be linked and negotiated on together where this was expedient in practice.

Finally, in view of the improvements which the Community wishes to introduce later this year in regard to generalized preferences, the Committee announced its intention of tackling the question of additional measures to be taken for products of particular interest to the developing countries in its forthcoming main opinion on all aspects of the GATT negotiations.

The Committee will continue to follow these negotiations and pronounce itself at the appropriate time.

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5. Community guarantee system for private investment

Rapporteur : Mr CARMICHAEL - United Kingdom - Employers

The Committee adopted its Opinion with five votes against and two abstentions.

A novel and far-reaching element in setting not only technical and commercial but also social criteria for obtaining Community guarantees for underwriting private investments in third countries was proposed by the Economic and Social Committee in its opinion. It suggested that the Community guarantee scheme should be extended only to countries selected by the Council of Ministers which should take into account, inter alia, their membership of the International Labour Organization and their applying its conventions and recommendations. These conventions ensure respect for the freedom of association for employees, the right for trade unions to negotiate collective agreements and a ban on discrimination against workers on grounds of origin, nationality, race, religion or political affiliation.

Investors should also apply the code of conduct of the International Chamber of Commerce. However, they should not be obliged under the scheme to comply with those elements of the ICC's code or the ILO conventions which are not practised in the host country although they should apply them where they consider this practicable.

The Committee welcomes the Commission's initiative for a Community investment scheme that would facilitate private investment in third countries - especially developing countries - by covering such political risks as war, expropriation, non-payment, non-transfer and inconvertibility, as well as exchange risks. It notes that the scheme should not only complement national guarantee systems and cover investments by two or more investors from different Member States but also provide the normal facilities to those States which do not have their own guarantee scheme. The scheme should be managed by technical experts and its administration should be as simple as possible. The relationship to Member States could be similar to that of the European Investment Bank. Any project accepted for insurance under the scheme should have the prior approval of the host government.

On the financial side, the Committee considers that although an initial sum would be required to cover the costs of establishing a European Private Investment Office, to run the scheme, it is more important that the Office's outstanding liabilities should be guaranteed by the Community rather than providing a fixed capital sum.

6. Liqueur Wines

Rapporteur : Mr GUILLAUME - France - Various Interests

This Opinion was adopted unanimously.

While the Committee agrees with the Commission that trade within the Community and with non-member countries needs to be improved, it considers that it would be better to defer the definitions proposed by the Commission until the Community rules on **liqueur** wines and aromatized wines, which the Commission has been promising for some years, have been adopted.

The Committee has no objection to the proposal that the Community provisions in Regulation No. 816/70 on maximum SO<sub>2</sub> content be extended to cover certain wines imported from non-member countries.

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7. Committee for Youth Questions

Youth Advisory Committee

Rapporteur : Mr van RENS - Netherlands - Workers

The Committee adopted this Opinion with three votes against.

In the Committee's view, the desire to associate young people in the work of the Community can only become a reality of the aspirations and needs of those involved are known. The Committee therefore considers that the representative youth organizations at European level should agree to become involved in work for European unification.

With regard to the proposed committee for youth questions, the Committee thinks that since government officials would far outnumber Commission representatives on this body, there would be a danger of the approach becoming national rather than European.

Whilst acknowledging the part this body could play in the consultation between individual Member States and between the Member States and the Commission, on future Community and national measures involving young people, the Committee considers that it should not be used as an alibi or an excuse for doing nothing further of a concrete nature to promote the involvement of youth in the work of the Community.

With regard to the planned youth advisory committee the Committee takes the view that the Commission should radically alter its proposal and recommend instead :

- a) Reorganization and development of the European Youth Fund, in order to involve a greater number of young people, thereby giving them the opportunity to participate in the achievement of the Community's fundamental aims and to step up their cooperation;
- b) Establishment of a centre for youth participation in the Community under the auspices of the Commission; this could become a vehicle for participation in European integration by young Europeans and non-governmental youth organizations;
- c) Allocation of funds to allow two meetings with youth organizations to be held each year for an exchange of views.



The Committee considers that, in view of the fact that a great deal of information work must be done (especially in schools), the time is not yet ripe for a youth advisory committee.

Later on, such a committee could fulfil a useful function within the proposed machinery.

Finally, it is hoped that the Commission will report annually to the European Parliament and to the Committee on all activities and measures taken with regard to youth.

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#### 8. General Committee on safety at work

Sub-title not in index .....

Rapporteur : Mr BORNARD - France - Workers

The Economic and Social Committee has on several occasions studied industrial safety questions, both in connection with the annual examination of the social situation and in considering the preliminary guidelines for a Community social policy programme.

Furthermore, at its plenary session in November 1973, the Economic and Social Committee decided to carry out a detailed study on the matter for the purposes of working out general guidelines for a Community policy.

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The Committee approves the Commission proposal for the setting up of a general committee on safety at work which would have the task as it were of centralizing information on prevention as well as coordinating Community activities in this area and the exchange of data. The Committee believes, however, that it is essential to rationalize these activities and avoid a proliferation or parallel bodies, while at the same time taking account of the problems of the various sectors and in particular ensuring that the Steel Industry Safety and Health Commission is maintained.

The Committee also supports the proposal that the Mines Safety and Health Commission be assigned the task of continuing its preventive action in the field of safety at work in the whole range of extractive industries; it requests, however, that prospecting for, and extraction of, oil and gas not be excluded from this body's sphere of competence.

This Opinion was unanimously adopted.

#### 9. Study on the Vine Sector

Rapporteur : Mr GUILLAUME - France - Various Interests

In this study, which was adopted unanimously, the Committee examined the principal aspects of the Report prepared on this subject by the Commission.

Firstly the Committee hopes that certain additional information will be incorporated in the descriptive and statistical parts of the report. Information, broken down by major wine-producing regions and by vineyard categories, should be provided on the extent of grubbing which is not aided by grants. As regards some producer countries where vineyards are planted with mixed varieties, the methods used for compiling statistics on vineyard areas and the trends in respect of such vineyards should be stipulated.

The Committee also considers it useful to have information on the size of specialized white wine vineyards and their development, and on the size and prospects of outlets for white wine.

In general terms, the Committee stresses the need to have the most recent statistical data and trusts that the latest information will be used in preparing the 1973-1974 report, so as to ensure that it gives the most accurate possible provisional review of the actual Community wine-growing in the Community.

On the subject of patterns to be set for Community wine-growing as a result of the enlargement of the Community, an increase in demand can be expected. On the other hand, the rate of planting appears to be appreciably lower than normal replacement requires. However, since harvests fluctuate widely from year to year, the Committee is in favour of amending Regulation No. 816/70 to allow distillation to be carried out as a precautionary measure at the beginning of the wine-growing year, whenever there is an exceptionally large harvest.

As regards the problem of identifying and promoting table-wines, that it must be permissible for table-wine labelling to mention the intrinsic qualities of the wine. This, however, must not be used as a pretext for charging inflated prices.

Lastly, the Committee considers that the minimum actual alcoholic strength of table wines should be maintained at its present figure of 8.5°, while the minimum total alcoholic strength should be fixed at 9°.

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### III

#### 119th PLENARY SESSION

The 119th plenary session of the Economic and Social Committee of the European Communities was held in Brussels on 27 and 28 March 1974. The Committee Chairman, Mr A. LAPPAS, presided.

Mr François-Xavier ORTOLI, President of the Commission, made a statement on the overall situation in the Community.

#### Mr ORTOLI on the crisis in the Community

Mr ORTOLI started by describing the current situation in the Community in the context of developments over the past year. Following a period of relative progress after the Community's enlargement, the situation had abruptly deteriorated. The Paris Summit Conference had previously opened up encouraging vistas by plotting out a concept which transcended the economic, monetary and customs framework of the Community; not only had the need for a social policy been acknowledged, but the idea of a European union had been put forward as a goal which could have been achieved within a few years.

In the meantime, monetary difficulties coupled with extraordinary capital flows, problems of inflation, balance of payments difficulties and finally the energy crisis had revealed the weakness of the Community in its present form. It was necessary for the Community to learn from this state of affairs : Mr ORTOLI said "It is not a sin to be drenched in a storm, but it is a sin if no conclusions are drawn from this drenching".

The problems with which Member States had been confronted had led in some cases to States taking independent action inconsistent with the Community's unity. Furthermore, even if the Community's future might be uncertain in some respects and there was a fear of progress coming to a halt, there could be no denying that some major advances had been made over the last year. Special mention should be made of trade policy where the countries of Europe had spoken with one voice at the GATT negotiations, of the social action programme, of steps taken in industrial policy, research and technology and environmental policy and of the recent agreement on farm prices.

At a time when European integration was being called to question and national egoism was becoming apparent again, Mr ORTOLI said that it had to be borne in mind that Europe was a Community of common interests. Poor in raw materials and energy sources, Europe depended on exports to keep employment high and maintain its purchasing power. Also, given the importance of intra-Community trade a joint market was incompatible with diverging policies. Finally, the international economic and monetary system was undergoing vast changes in the search for a new equilibrium, and Europe had to present a united front in this context.

The next steps towards European integration should not be delayed, even if no spectacular progress could be expected in the current situation. As regards practical measures, it would be necessary to coordinate Member States' economic and monetary policies more closely framing a common energy policy and make progress in the social and regional policies.

One of the principal weaknesses of the institutional machinery was that there was no proper contact between Community activities and public opinion. Special efforts should be made to improve this situation as part of the move towards European union an important role would fall to the European Parliament. Closer cooperation between the Commission and the Committee as the representatives of the various categories of economic and social activity would also help here.

1. Future role of the Committee

As its initial contribution to the discussion in the institutions about the shape of a European union, the Committee, making use of the right to take up matters on its own initiative, adopted an opinion on "The place and role of the Economic and Social Committee in the institutional machinery of the Communities".

(Rapporteur : Mr DE BRUYN - Belgium - Various Interests).

In this Opinion, which was adopted by 106 votes in favour with 6 abstentions, the Economic and Social Committee considers that the establishment of a European Union presupposes not only a tangible improvement in the functioning of the Institutions, but also a real democratization of decision-making. Democratization could be furthered by giving the various socio-economic groups a greater say, through the Committee in line with the conclusions of the Paris and Copenhagen Summit Conferences. The Committee welcomes the official recognition of its right to advise on its own initiative, but feels that other significant improvements in its status should also logically follow from the formal commitments made at these summits. It has therefore drawn up a number of proposals for strengthening its consultative role, including Committee involvement in the preparation of Commission proposals at the preliminary drafting stage, that is to say earlier than in the past, better flow of information from the Council and the Commission on the action taken on opinions, and improved coordination of its own activities and those of the specialized consultative committees attached to the Commission.

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The Committee expresses willingness to offer facilities to joint committees for individual sectors, although their functions and its own role assigned by the Treaties are quite distinct. The setting up of such committees was encouraged in the social policy section of the final communiqué of the Paris Summit Conference, which urged that "the conclusion of collective agreements at European level in appropriate fields" should be furthered.

The other Opinions which the Committee adopted during its 119th Session are the following :

## 2. Shipbuilding

Rapporteur : Mr ARENA - Italy - Employers

Considering that the fundamental objectives of a common policy in the shipbuilding industry is international competitiveness, the Committee agrees that functional aids should be replaced by investment incentives. However, it requests a longer period for introducing the new system than that envisaged by the Commission.

The Committee adopted its Opinion with 5 votes in favour and 4 abstentions.

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## 3. Economic Situation in the Community

Rapporteur : Mr DE BIEVRE - Belgium - Workers.

The Committee considers that the current difficulties with Community energy and primary material supplies make it particularly difficult to establish a forecast for 1974. If growth rates remain satisfactory, priority should be given to action against inflation. If the economy loses momentum, prime consideration would have to be given to keeping up employment levels.

The Opinion was adopted with two dissenting votes and twelve abstentions.

4. Equal pay

Rapporteur : Mrs WEBER - Germany - Workers

The Committee endorses the initiative of the Commission and is in favour of a broad interpretation of Article 119 of the EEC Treaty.

This Opinion was adopted with six dissenting votes and five abstentions.

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5. Employment of the handicapped

Rapporteur : Sir John PEEL - United Kingdom - Various Interests.

The Committee approves the measures recommended by the Commission to permit the economic and social integration of handicapped persons in working life and society. It emphasizes that the economic aspect is only one side of the question.

This opinion was adopted unanimously.

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6. Intervention by the European Social Fund

Rapporteur : Mr FASSINA - Italy - Workers

The Committee endorses the Commission proposals on assisting handicapped persons and underlines the need to adopt them promptly. On the question of migrant workers, the Committee urges a policy of balanced development to lessen the difficulties arising for workers who move from one country to another.

This Opinion was adopted unanimously.

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7. Amendment to social security system applicable to workers moving within the Community

Rapporteur : Mr PURPURA - Italy - Various Interests

The Committee recognizes that the amendments proposed by the Commission have been made necessary by changes in national legislation, but lays emphasis on a number of potential drawbacks of the planned measures, particularly concerning invalidity, unemployment and pensions.

This Opinion was adopted unanimously.

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8. Common Transport Policy

Rapporteur : Mr RENAUD - France - Employers

The Committee feels that new impetus should be given to the development of a transport policy. This policy

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should fit in with the other Community policies, such as the regional and or social policy.

This Opinion was adopted unanimously less three abstentions.

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9. Consumer information and protection programme

Rapporteur : Miss ROBERTS - United Kingdom - Various Interests

The Committee agrees in broad terms with the programme draw, up by the Commission though it underlines the need to distinguish between Community action and national action on the basis of criteria of efficiency.

The Committee adopted its opinion 2 members voting against and 6 abstained.

It should be noted that the two later Opinions were discussed and adopted in the presence of Mr SCARASCIA MUGNOZZA, Vice-President of the European Commission, who participated actively in the debates.

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VI

VISITS AND MEETINGS ABROAD

1. Chairman's Visit to Luxembourg

Mr Alfons LAPPAS, Chairman of the Economic and Social Committee of the European Communities, paid an official visit to Luxembourg on 28 and 29 January, accompanied by the Vice-Chairmen, Mr Henri CANONGE and Mr Alberto MASPRONE, the Secretary-General, Mr Delfo DELFINI, and one of the Directors-General, Mr Roger LOUET.

During this visit Mr LAPPAS had talks with several members of the Grand Duchy's Government, notably the Prime Minister, Mr Pierre WERNER, the Minister of Foreign Affairs, Mr Gaston THORN, the Minister of Labour, Mr Jean DUPONG, and the Minister for the Economy, Mr Marcel MART. In addition, the Committee delegation attended an extraordinary meeting of the Luxembourg Economic and Social Council, which was chaired by Mr Antoine WEISS. Mr LAPPAS made a speech to the meeting in which he referred to the current crisis in the European Community. Difficulties had been overcome in the past and, he was confident that, given the requisite political will and appropriate instruments the current problems could be resolved.

Mr LAPPAS also proposed establishing closer links between the Economic and Social Committee and the Luxembourg Economic and Social Council so as to build up a cooperation which would be to their mutual advantage. This proposal was welcomed.

Earlier, Mr LAPPAS, together with the officers of the Committee's Section for Energy and Nuclear Questions, had been received by the Chairman of the Consultative Committee of the EAEC, Sir David DAVIES, and the officers of the Consultative Committee. The visiting and the host party agreed that it would be useful to establish closer coordination between the two organizations in the field of energy policy.

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## 2. Chairman's visit to Paris

A large delegation from the European Communities' Economic and Social Committee under its Chairman, Mr Alfons LAPPAS, paid an official visit to Paris between 12 and 14 March. The delegation was received on 13 March in the Palais d'Iéna by the French Economic and Social Council.

In a statement to the members of the Council, Mr LAPPAS, spoke of the disquiet about the current situation in the Community which had already been expressed by the representatives of the economic and social interests on the Committee. He also referred to the steps which they intended to take. Mr Emile ROCHE, President of the French Economic and Social Council, replied.

During the morning of 13 March, Mr LAPPAS received delegations from French trade unions, employers' associations and agricultural and social organizations, which are represented on the European Economic and Social Committee.

On 14 March, Mr LAPPAS had a series of official talks with Mr Alain POHER, President of the Senate, Mr Edgar FAURE, President of the National Assembly, Mr Georges GORSE, Minister for Labour, Employment and Population, and other important political figures.

At the same time, the Section for Social Questions, whose fifty or so members come from all nine of the Community's Member States, met at the headquarters of the Community's office in Paris. It prepared several Committee opinions, concerning equal pay, the European Social Fund, the handicapped and social security. To provoke a reaction at Community level, the Committee, on its own initiative, had proposed that an opinion be prepared on employment. This was prepared by the Section. Among other things this opinion

urged that the question of currently foreseeable unemployment and under-employment be tackled in a radical manner, these problems will mainly affect migrant workers, who form up to 10% of the total working population in certain States of the Community.

### 3. Section meeting in Trieste

The Section for Industry, Commerce, Crafts and Services held its eleventh meeting on 5th and 6th March 1974 in Trieste.

The Section :

1. Adopted by 17 votes in favour and 15 abstentions its opinion on the "Proposals from the Commission to the Council on the shipbuilding industry".
2. Adopted its study on the "Situation of small and medium-sized undertakings in the Community" by 20 votes in favour and 5 abstentions.
3. Appointed Mr DE BIEVRE as Rapporteur on the Study Group on Technical Barriers for the preparation of work on the "Proposal for a Council directive on the approximation of the laws of the Member States relating to the sulphur content of certain liquid fuels.
4. Appointed Mr FRIEDRICHS as Rapporteur on the Study Group on Company Law for the preparation of work on the "Proposal for a regulation of the Council on the European Cooperation Grouping 'EEC)".

5. Set up a Drafting Group on Medicinal Products for the preparation of work on the

- "Amendment to the proposal for a Council directive on the approximation of the laws of the Member States relating to analytical, pharmacotoxicological and clinical standards and protocols in respect of the testing of proprietary medicinal products";
- "Amendment to the proposal for a Council Directive on the approximation of the laws of the Member States relating to publicity for proprietary medicinal products and to package leaflets";
- "Amendment to the proposal for a Council Directive on the approximation of the laws of the Member States relating to matter which may be added to proprietary medicinal products".

(Rapporteur : Mr CHABROL - Members : Mr DE BIEVRE and Mr FASSINA)

4. Visit of Economic and Social Committee delegation to Africa

The Bureau of the External Relations Section made an information visit to West Africa from 1st to 10th March 1974.

During its stay in the Ivory Coast and Senegal the delegation from the Economic and Social Committee met the economic and social councils of the two countries, had talks with the President of the Senegalese Republic and the President of the Ivory Coast National Assembly and members of its Government, exchanged views with representatives of the Senegalese Chamber of Commerce, and a large number of development projects in the two countries. The visit gave the members of the delegation valuable first-hand insights

into the economic and social situation in the two countries and left them with an impression of the priorities, scale and effectiveness of their development programmes, for which the Community is providing assistance. Points of mutual interest discussed during the visit included the renewal of the association agreement, stabilization of commodity prices and generalized preferences.

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ACTION TAKEN ON ECONOMIC AND SOCIAL COMMITTEE OPINIONS

Following the Opinion delivered by the Economic and Social Committee at its session of October 1973, the Commission amended part of its proposal to the Council concerning the strength of motor vehicles' seats.

The Commission had required the unlocking control for the seats to be "easily accessible".

The Committee suggested stipulating that the control must be situated on the outside of the seat itself (i.e. on the edge of the seat nearest to the door).

The Commission accepted this suggestion and amended its proposal to the Council accordingly.

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FUTURE WORK

The Committee will not hold a plenary session in April 1974.

The session of May 1974 will include the preparation of Committee opinions on :

- Employment situation
- European foundation for improvement of living and working conditions
- Excise duties on mineral oils
- 5th Company Law Directive
- Stock exchange prospectus
- Life assurance
- Raising of capital
- Bracket tariffs in road transport
- Bracket tariffs in road transport-extension
- Dangerous substances
- Prepackaging
- Drinking water
- Expenditure on food aid
- Import system for carp and trout
- 3rd directive on tobacco
- Cultural materials - customs harmonization
- Free circulation of goods - customs harmonization
- Motor vehicles - lighting
  - fog lights
  - external protections
  - reflex reflecting devices
- Adaptation of Directives on environmental protection
- 40-hour week
- Mutual recognition of qualifications

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OBITUARIES

Mr Joseph ILLERHAUS died on 22 December 1973. Member of the Bundestag, the executive committee of the retail trade association and numerous other organizations. He has been a member of the Economic and Social Committee (Various Interests Group) since 1970.

Mrs Lis GROES died on 12 March 1974. After being elected to the Danish parliament, and subsequently becoming Minister for Commerce, she was appointed a member of the Economic and Social Committee (Various Interests Group), following the enlargement of the Community in January 1973, in her capacity as chairman of the Danish consumers' association.

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